MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2017/2018

PMA0064 – ESSENTIALS OF MANAGEMENT ACCOUNTING

(Foundation in Management)

12 MARCH 2018
9.00AM – 11.00AM
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consists of **THREE** pages (excluding cover page) with **FOUR** questions.
2. Answer **ALL** questions.
3. Print your answers in the Answer Booklet provided.

Question 1

Mercury Berhad has five activity cost pools and two products (ABC tape rewinder and XYZ tape rewinder). The following information is provided:

Activity Cost Pool	Cost Driver	Estimated Overhead	Cost Drivers by Product ABC	XYZ
Ordering and Receiving	Orders	RM 110,000	600	400
Machine Setup	Setups	297,000	500	400
Machining	Machine hours	1,000,000	150,000	100,000
Assembly	Parts	1,200,000	1,200,000	800,000
Inspection	Inspections	300,000	550	450

Production is 700,000 units of ABC and 200,000 units of XYZ. Round up your answers to the nearest RM.

Required

a) Compute the activity-based overhead rates for each activity. (5 marks)
b) Compute the overhead cost assigned to each product. (17 marks)
c) Compute the overhead cost per unit for each product. (3 marks)

(Total 25 marks)

Question 2

Momentum Bikes manufactures a basic road bicycle. Production and sales data for the most recent year are as follows (no beginning inventory):

Fixed production costs	RM500,000
Variable selling and administrative costs	RM22 per bike
Fixed selling and administrative costs	RM520,000
Direct material	RM40 per bike
Direct labor	RM30 per bike
Variable manufacturing overhead	RM20 per bike
Selling price	RM200 per bike
Production	20,000 bikes
Sales	18,000 bikes

Required

a) Compute the product cost per unit by using variable and absorption costing method. (9 marks)

b) Prepare Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2017 using absorption costing. (6 marks)

c) Prepare Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2017 using variable costing. (10 marks)

(Total 25 marks)

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Question 3

Part A

Howay Berhad manufactures three models of picture frames for a total of 5,000 frames per year. The unit cost to produce a metal frame is:

Direct materials	RM 6
Direct labor	7
Variable overhead	2
Fixed overhead	5
Total	RM20

A local company has offered to supply Howay Berhad the 5,000 metal frames it needs for RM16 each. If Howay purchases the frames from outside, 30% of the fixed overhead can be avoided.

Required

Prepare an incremental analysis to decide whether to make or buy the picture frame. (10 marks)

Part B

In the month of February, Starek Berhad sold 800 units of plastic bottles. The average sales price was RM30. During the month, fixed costs were RM7,200 and variable costs were 60% of sales.

Required

Using the contribution margin approach, compute the following for the month of February:

i) Total contribution (3 marks)
ii) Contribution per unit (3 marks)
iii) Contribution margin ratio (3 marks)
iv) Break-even point in sales value (3 marks)
v) Break-even point in units (3 marks)

(Total 25 marks)

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Question 4

DEF Berhad has budgeted the following sales units:

2019	Units
April	25,000
May	50,000
June	75,000
July	45,000

Of the units budgeted, 40% are sold by the AA Division at an average price of RM15 per unit and the remainder are sold by the BB Division at an average price of RM12 per unit. DEF wants to maintain monthly ending inventories equal to 20% of the following month's sales units. On 31 March 2019, 7,500 units were on hand.

Required

1) Prepare separate sales budgets for AA Division and BB Division for the second quarter of 2019. (10 marks)

2) Prepare a production budget for DEF for the second quarter of 2019. (15 marks)

(Total 25 marks)

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